



## DEPARTMENT OF COMMERCE

### Census Bureau

#### **Agency Information Collection Activities; Submission to the Office of Management and Budget (OMB) for Review and Approval; Comment Request; Annual Business Survey**

The Department of Commerce will submit the following information collection request to the Office of Management and Budget (OMB) for review and clearance in accordance with the Paperwork Reduction Act of 1995, on or after the date of publication of this notice. We invite the general public and other Federal agencies to comment on proposed, and continuing information collections, which helps us assess the impact of our information collection requirements and minimize the public's reporting burden. Public comments were previously requested via the Federal Register on July 6, 2020 during a 60-day comment period. This notice allows for an additional 30 days for public comments.

*Agency:* U.S. Census Bureau, Department of Commerce.

*Title:* Annual Business Survey.

*OMB Control Number:* 0607-1004.

*Form Number(s):* ABS.

*Type of Request:* Regular submission, Request for a Revision of a Currently Approved Collection.

*Number of Respondents:* 858,000.

*Average Hours Per Response:* Employer businesses-58 minutes; Nonprofit organizations who are R&D performers-3.5 hours; Nonprofit organizations who are not R&D performers-20 minutes.

*Burden Hours:* 827,500.

*Needs and Uses:* In an effort to improve the measurement of business dynamics in the United States, the Census Bureau plans to conduct the 2023 Annual Business Survey (ABS),

covering reference year 2022. The ABS combines Census Bureau firm-level collections to reduce respondent burden, increase data quality, reduce operational costs, and operate more efficiently. The ABS provides information on selected economic and demographic characteristics for businesses and business owners by sex, ethnicity, race, and veteran status. Further, the survey measures research and development for microbusinesses, new business topics such as innovation and technology, as well as other business characteristics. The 2023 ABS is co-sponsored by the National Center for Science and Engineering Statistics (NCSES) within the National Science Foundation (NSF) and conducted by the Census Bureau.

The ABS includes all nonfarm employer businesses filing Internal Revenue Service (IRS) tax forms as individual proprietorships, partnerships, or any other type of corporation, with receipts of \$1,000 or more. For the 2023 ABS, approximately 850,000 employer businesses will be sampled (reference year 2022). The large sample size is needed to produce detailed statistics by owner demographics. Results from the large sample size will allow the Census Bureau to produce tabulations by detailed NAICS (2-6 digit), detailed geography (US, state, metropolitan statistical area (msa), county, and economic place), and detailed race (i.e. Chinese, Filipino, Japanese, Samoan, etc.). Starting with survey year 2024 (reference year 2023), the sample is reduced to approximately 300,000 employer businesses annually (survey years 2024 – 2027) to reduce the burden on the respondents. The reduced sample size will yield summary-level estimates for women-owned, minority-owned, and veteran-owned businesses at the 3-digit NAICS, U.S., state and metropolitan statistical area (MSA) levels. The Census Bureau uses administrative data to estimate the probability that a firm is minority- or women-owned. Each firm is then placed in one of eight frames for sampling. The sampling frames are: American Indian or Alaskan Native, Asian, Black or African American, Hispanic, Native Hawaiian and Other Pacific Islander, Non-Hispanic White Men, Publicly Owned, and Women. The sample is stratified by state, industry, and frame. The Census Bureau selects some companies with certainty based on volume of sales, payroll, and number of paid employees or NAICS. All

certainty cases are sure to be selected and represent only themselves.

The 2023 ABS (reference year 2022) will also sample 8,000 nonprofit organizations to collect their research activities. Historically, nonprofit organizations were in scope to the ABS, however, they were not surveyed before the 2021 ABS because the survey does not expect nonprofit organizations to be classifiable by sex, ethnicity, race, or veteran status. To include the nonprofit organizations, the sample size increased to approximately 858,000 (850,000 employer businesses + 8,000 nonprofit organizations). Of note, nonprofit organizations will only see questions relating to research activities and will not be asked any questions relating to owner demographics.

The ABS is designed to allow for incorporating new content each survey year based on topics of relevance. Each year new questions will be submitted to the Office of Management and Budget (OMB) for approval.

Employer businesses will be asked questions about the sex, ethnicity, race, and veteran status for up to four persons owning the majority of rights, equity, or interest in the business (Section B of the questionnaire). Organizations sampled as nonprofits and respondents with 1-9 employees will be asked about research and development (R&D) activities, R&D costs, and R&D capital expenditures. Further, employer businesses sampled will be asked about the following topics: Goods, Services, and Business Processes; Financing; Technology and Intellectual Property and Sustainability and Climate Impact.

The ABS is primarily collected via an electronic or web-based instrument. Respondents selected for the survey receive an initial letter informing them of their requirement to complete the survey as well as instructions on accessing the survey. The 2023 ABS initial mailing is scheduled for July 2023. Responses will be due approximately 30 days from initial mailing. Respondents will also receive a due date reminder approximately one week before responses are due. The Census Bureau plans to conduct two follow-up mailings and an optional third follow-up if deemed necessary based on check-in. Nonrespondents may receive a certified mailing for the

second and third follow-up mailings. The Census Bureau may also plan to conduct an email follow-up to select nonrespondents reminding them to submit their report in the electronic instrument. The Census Bureau may include a paper questionnaire during the follow-up activities to assist with collecting data from select nonrespondents. Closeout of mail operations is scheduled for December 2023 but may be extended to allow ample time to receive returned forms if necessary. Response data will be processed as they are received. Upon the close of the collection period, data processing will continue, and records will be edited, reviewed, tabulated, and disseminated.

The Annual Business Survey uses the collection year in the survey name rather than a single reference year. Therefore, the 2023 ABS covers mostly reference year 2022.

Statistics from the ABS will be used by government program officials, industry organization leaders, economic and social analysts, business entrepreneurs, and domestic and foreign researchers in academia, business, and government. Estimates produced on owner demographic data may be used to assess business assistance needs, allocate available program resources, and create a framework for planning, directing, and assessing programs that promote the activities of disadvantaged groups; to assess minority-owned businesses by industry and area and to educate industry associations, corporations, and government entities; to analyze business operations in comparison to similar firms, compute market share, and assess business growth and future prospects. Estimates produced on R&D and innovation may be used to compare R&D costs across industries, determine where R&D activity is conducted geographically, and identify the types of businesses with R&D; to contribute to the Bureau of Economic Analysis (BEA) system of national accounts; to increase investments in research and development, strengthen education, and encourage entrepreneurship; and to compare business innovation in the United States to other countries, including those in the European Union. Results of the research activities data collected from nonprofit organizations will be used to report updated, valid, and reliable estimates of U.S. nonprofit R&D in National Patterns of R&D Resources and BEA's

system of national accounts.

The data collected by ABS will also be incorporated into the National Science Board's biennial report, Science and Engineering Indicators (SEI). The R&D data from the nonprofit module will be reported in the Organization for Economic Cooperation and Development (OECD) periodic publications and for international comparisons of R&D efforts. NCSES also anticipates professional associations will use data from the nonprofit module. Likely users in this category include, but are not limited to, the Science Philanthropy Alliance, the Association of Independent Research Institutes, and the Health Research Alliance.

Additional examples of data use include:

- The Small Business Administration (SBA) and the Minority Business Development Agency (MBDA) to assess business assistance needs and allocate available program resources.
- Local government commissions on small and disadvantaged businesses to establish and evaluate contract procurement practices.
- Federal, state and local government agencies as a framework for planning, directing and assessing programs that promote the activities of disadvantaged groups.
- The National Women's Business Council to assess the state of women's business ownership for policymakers, researchers, and the public at large.
- Consultants and researchers to analyze long-term economic and demographic shifts, and differences in ownership and performance among geographic areas.
- Individual business owners to analyze their operations in comparison to similar firms, compute their market share, and assess their growth and future prospects.

*Frequency:* Annually.

*Respondent's Obligation:* Mandatory.

*Legal Authority:* Title 13, United States Code, sections 8(b), 131, and 182; Title 42, United States Code, section 1861-76 (National Science Foundation Act of 1950, as amended);

and section 505 within the America COMPETES Reauthorization Act of 2010 authorize this collection. Sections 224 and 225 of Title 13, United States Code, require a response from sampled firms.

This information collection request may be viewed at [www.reginfo.gov](http://www.reginfo.gov). Follow the instructions to view the Department of Commerce collections currently under review by OMB.

Written comments and recommendations for the proposed information collection should be submitted within 30 days of the publication of this notice on the following website [www.reginfo.gov/public/do/PRAMain](http://www.reginfo.gov/public/do/PRAMain). Find this particular information collection by selecting "Currently under 30-day Review - Open for Public Comments" or by using the search function and entering either the title of the collection or the OMB Control Number 0607-1004.

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